

DONATIONS

from Page 1A

didn't. Last year, almost half the money was loaned for non-quake needs.

"It is dreadfully embarrassing," former Mayor Mardi Wormhoudt said. "I would be hard-pressed to talk to the donors."

In the weeks after the disaster on Oct. 17, 1989, about 350 people mailed contributions to Santa Cruz City Hall after seeing destroyed buildings and displaced families in news reports. The money — often accompanied by poignant personal letters — ranged from a simple note containing 70 cents from a poor family in Alabama to a \$200,000 check from the late music promoter Bill Graham.

Many donors thought their money would go for blankets, food and emergency shelter.

Last year, the council distributed some money from the fund to social-service groups, then loaned \$300,000 to a low-income mobile home park to pay for repairs largely unrelated to the earthquake. That loan, part of a complex deal with state housing officials and residents of the El Rio Mobile Home Park, was due in March but remains unpaid.

The result: Homeowners with damaged houses, disaster preparedness programs — even a monument to the people who died in the quake — have been promised money but cannot receive it until the loan is repaid.

'I'm astounded'

"I'm astounded," said Nicholas Clainos, president of Bill Graham Enterprises in San Francisco, which sponsored several earthquake benefit concerts in 1989.

"This money wasn't supposed to be held for years. The idea was that it was going quickly and directly to individual residents who were hurting. Bill would be really angry."

Local leaders defend what happened and blame the state for problems with the mobile home park loan.

Santa Cruz Mayor Neal Coonerty said it was prudent policy to take a long-term, community approach rather than hand out cash to victims immediately. The city, for example, loaned \$295,000 from the fund to the El Centro low-income housing project downtown. It has been repaid with interest.

"It is too long a wait at this point," Coonerty said. "But we were trying to maximize the use of the money."

Some quake victims think the fund was mismanaged.

Jean Hass still is waiting for the \$2,000 promised to her last fall. Her Chestnut Street house was destroyed in the quake.

Hass, 52, and her husband, Francis, 61, had no earthquake insurance. After declaring bankruptcy and wrangling with government disaster agencies for three years, the couple finally built a smaller house on the same location last year.

Unfinished project

But the project is not finished. Hass needs the \$2,000 to pave her driveway.

Because of crippling spinal arthritis, Hass uses a walker and wheelchair. She cannot travel across the gravel driveway, so her husband must pull the car across the front yard when she wants to leave.

"I was angry for a while," she said. "But now I've just run out of steam. If we get the money, I'll consider it a blessing."

Hass said city leaders should have spent the donations sooner.

"What would those children

WHERE THE MONEY WENT

As the fourth anniversary of the Loma Prieta earthquake approaches, victims in Santa Cruz still are waiting to receive emergency donations from 1989. Some of the \$658,000 mailed to City Hall by citizens worldwide has been spent. But the city council loaned \$300,000 to a low-income mobile home park; it remains tied up in a dispute while quake victims and recovery projects languish.

Donations spent to date:

Loan to El Rio Mobile Home Park ¹	\$300,000
Tents for displaced merchants	\$28,135
Downtown promotions	\$20,000
Vision Santa Cruz downtown rebuilding advisory group	\$40,901
Redevelopment staff	\$4,300
El Centro low-income housing loan, repaid May 1, 1992	\$295,682
Performing arts center study	\$14,375
Hurricane Andrew assistance	\$5,000
Parking fees ²	\$44,950
Free Christmas parking 1992	\$3,500
Downtown reopening celebration	\$10,000
Downtown Association projects	\$19,750
Graffiti removal	\$1,500
Barrios Unidos, an anti-gang group	\$10,000
Community Action Board ³	\$8,333
Legal Aid Society ³	\$8,333
Seniors Citizens Legal Service ³	\$8,333
Second Harvest Food Bank	\$11,400
Welfare Parents Support Group	\$7,200
World of Life Food Pantry	\$7,200
Beach Flats neighborhood programs	\$7,500
Homeless Day Center	\$24,000
Bolt for the Jolt home improvement matching fund	\$1,238

Donation money promised but not awarded:

Nine homeowners	\$17,831
Santa Cruz High School repairs	\$10,000
Earthquake monument	\$10,000
Earthquake preparedness program	\$9,500
Mobile police disaster command post	\$20,000
Bolt for the Jolt program	\$78,762
Santa Cruz Metro bus system, to offset lost ridership	\$7,000
Downtown planter boxes	\$33,000
McPherson Art & History Museum construction assistance	\$50,000
Homeless Day Center	\$18,000
Graffiti removal	\$6,000
Santa Cruz City Schools	\$10,000
Downtown tenant recruitment	\$14,700
Family Service Association suicide, family, senior counseling	\$8,000
VFW Bill Motto Post for food, radios and tents	\$6,700
Santa Cruz County Historical Trust to set up a downtown retail business	\$21,000
Community Housing Corporation	\$42,169
Other downtown programs	\$12,050

- 1 Interest-free to cover repairs unrelated to quake; remains unpaid.
- 2 Business taxes used to fund new parking lots were waived.
- 3 Buildings relocated after quake damage

Source: Santa Cruz Finance Department, city council records

MERCURY NEWS

think?" she said. "The Boy Scout troops, the churches, the school-children who collected jars of pennies? If I was a donor, I would be damn mad."

Former city officials note that Santa Cruz was ill-equipped to administer hundreds of checks when buildings were collapsing and people were sleeping outside. Immediate relief was handled by the Red Cross and other experienced groups, they said.

'A tremendous gift'

"It was a tremendous gift," said Wormhoudt, who was mayor when the quake hit. "But it's very difficult to find an orderly process to deal with things after an emergency."

In retrospect, Wormhoudt said, she now wishes council members had simply given the money to a charity, such as the Red Cross.

A small percentage of the funds did go to immediate relief. For example, the council spent \$28,134 in 1989 to set up the Phoenix Pavilions, large tents that housed displaced merchants downtown for several years. An additional \$40,000 went to Vision Santa Cruz, a 36-member citizens group that helped plan downtown

rebuilding.

But for the most part, the money sat in a bank account for the first year.

"There really wasn't any vision or idea what to do with it," said Joe Ghio, a former councilman.

When the city began a \$20 million project to rebuild downtown public improvements, council members kept the money as an insurance fund against cost overruns. It wasn't needed.

In October 1992, council members took applications and divided most of the earthquake funds among 31 sources, including food pantries, the city's new homeless day center and nine people whose homes were damaged.

Loan to mobile home park

At the same meeting, however, the council voted to lend \$300,000 to the El Rio Mobile Home Park, 90 trailers at the north end of Pacific Avenue.

In a memo, city Planning Director Pete Katzlberger described the loan as "not overly risky." He noted that the money would be used to bring the park's inadequate gas and electric system up to state code standards. That would free a \$2.7 million loan

package from the state Department of Housing and Community Development, allowing the low-income tenants to buy the park and run it as a cooperative.

The money was loaned without interest for a six-month term. But the work ran into major delays.

Rain filled trenches with water last spring. Then residents tried to cut costs by doing some work themselves. State building inspectors ordered portions of the job redone.

Worse, the state inspector assigned to approve the job died in a plane crash. Because of budget cuts in Sacramento, several other state officials associated with the loan deal left.

Lorraine French, a loan officer for the state Department of Housing and Community Development, called the El Rio project "one of the most difficult projects we've ever had."

Appeal to Mello

City leaders have struggled without success to get the state to approve the construction and return the \$300,000. Last week, they asked state Sen. Henry Mello to intervene.

Councilman Mike Rotkin staunchly defended the city's decision to hold the money for three years until downtown public-works projects were completed. Although donors might not understand, he said, it was a matter of priority.

"Rebuilding the business base of a city or getting turkey to a family at Christmas. Which is more important?" he said. "What would happen if downtown Santa Cruz just didn't come back? What would the impact be then?"

Coonerty defended the \$300,000 El Rio loan. He noted that the quake caused a serious shortage of low-income housing by destroying several Santa Cruz residence hotels. Giving money to El Rio was a judgment call, he said, designed to help.

"It probably could have been done better," Coonerty said. "Hopefully we won't ever be put in this position again."



JUDITH CALSON — MERCURY NEWS

Jean and Francis Hass rebuilt their home after the Loma Prieta quake but still are waiting for the \$2,000 they need to pave their driveway.